

**CITY OF VINTON**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2016**

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**City of Vinton  
Officials**  
(Before January 2016)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
John R. Watson	Mayor	December 2015
F. Ronald Elwick	Council Member	December 2015
Chris Bendull	Council Member	December 2015
Tamara Stark	Council Member	December 2015
Ron Hessenius	Council Member	December 2017
Bud Maynard-Resigned	Council Member	December 2017
David Redlinger-Resigned	Council Member	December 2017
Zach Parmater (appt. 8/14/14)	Council Member	December 2017
David Vermedahl (appt. 8/14/14)	Council Member	December 2017
Cindy Michael	City Clerk	
Chris Ward	City Administrator	
Fischer Law Firm	City Attorney	

(After December 2015)

John R. Watson	Mayor	December 2017
F. Ronald Elwick	Council Member	December 2019
Nathan Hesson	Council Member	December 2019
Tamara Stark	Council Member	December 2019
Ron Hessenius	Council Member	December 2017
Brian Parr	Council Member	December 2017
Zach Parmater (appt. 8/14/14)	Council Member	December 2017
Cindy Michael	City Clerk	
Chris Ward	City Administrator	
Fischer Law Firm	City Attorney	

**City of Vinton**



# **RFSW** Ridihalgh Fuelling Snitker Weber & Co.

C E R T I F I E D   P U B L I C   A C C O U N T A N T S

James R. Ridihalgh, CPA  
Gene L. Fuelling, CPA  
Donald A. Snitker, CPA  
Donald A. Weber, CPA

Jeremy P. Lockard, CPA  
Alan W. Flick, CPA  
Brent A. Waters, CPA

## Independent Auditor's Report

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Vinton, Iowa, as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Vinton as of June 30, 2016, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

### **Basis of Accounting**

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U. S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

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## **Other Matters**

### *Supplementary and Other Information-*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Vinton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2015 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions pages 28 through 34, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The City of Vinton has not presented a Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the financial statements.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2017 on our consideration of the City of Vinton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Vinton's internal control over financial reporting and compliance.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C.

February 8, 2017

## **Basic Financial Statements**

City of Vinton

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2016

Functions / Programs:	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 1,003,315	130,983	-	-
Public works	701,033	2,098	687,719	40,718
Health & social services	31,123	-	-	-
Culture and recreation	953,315	124,122	-	-
Community and economic development	88,652	-	-	-
General government	399,191	-	-	-
Debt service	957,008	-	-	-
Capital projects	64,041	-	-	-
Total governmental activities	4,197,678	257,203	687,719	40,718
Business type activities:				
Water	382,596	513,968	-	-
Sewer	450,577	527,178	-	-
Sewer replacement	144,657	-	-	-
Landfill	515,793	498,701	-	-
NonMajor	366,681	-	-	253,473
Total business type activities	1,860,304	1,539,847	-	253,473
Total	\$ 6,057,982	1,797,050	687,719	294,191

General Receipts:

Property tax levied for:	
General purposes	
Tax increment financing	
Debt service	
Local option sales tax	
Special Assessments	
Unrestricted interest on investments	
Miscellaneous	
Transfers	

Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted	
Nonspendable	
Expendable	
Debt service	
Streets	
Local option sales tax	
Capital projects	
Urban renewal	
Other purposes	
Unassigned	
Total cash basis net position	

See notes to financial statements

Exhibit A

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(872,332)	-	(872,332)
29,502	-	29,502
(31,123)	-	(31,123)
(829,193)	-	(829,193)
(88,652)	-	(88,652)
(399,191)	-	(399,191)
(957,008)	-	(957,008)
(64,041)	-	(64,041)
(3,212,038)	-	(3,212,038)
-	131,372	131,372
-	76,601	76,601
-	(144,657)	(144,657)
-	(17,092)	(17,092)
-	(113,208)	(113,208)
-	(66,984)	(66,984)
(3,212,038)	(66,984)	(3,279,022)
1,855,638	-	1,855,638
223,045	-	223,045
629,346	-	629,346
325,530	-	325,530
11,057	-	11,057
34,602	63,561	98,163
453,182	86,612	539,794
118,750	(118,750)	-
3,651,150	31,423	3,682,573
439,112	(35,561)	403,551
4,154,456	959,015	5,113,471
4,593,568	923,454	5,517,022
\$ 100,000	-	100,000
38,831	-	38,831
260,469	-	260,469
597,669	-	597,669
378,188	-	378,188
1,152,940	-	1,152,940
496,104	15,546	511,650
1,569,367	907,908	2,477,275
\$ 4,593,568	923,454	5,517,022



## City of Vinton

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2016

	General	Special Revenue Road Use Tax #110	L.O.S.T. #120	Debt Service	Cap Project West TIF #1 #330	Other Nonmajor Governmental Funds	Total
<b>Receipts:</b>							
Property tax	\$ 1,361,769	-	-	629,346	-	493,869	2,484,984
Tax Increment Financing	-	-	-	-	-	223,046	223,046
Other city tax	-	-	325,530	-	-	-	325,530
Licenses and permits	72,448	-	-	-	-	-	72,448
Use of money and property	30,465	-	765	975	853	1,544	34,602
Intergovernmental	99,163	649,656	-	-	38,063	-	786,882
Charges for service	126,220	-	-	-	-	90	126,310
Special assessment	-	-	-	11,057	-	-	11,057
Miscellaneous	387,130	-	-	-	4,498	61,553	453,181
<b>Total receipts</b>	<b>2,077,195</b>	<b>649,656</b>	<b>326,295</b>	<b>641,378</b>	<b>43,414</b>	<b>780,102</b>	<b>4,518,040</b>
<b>Disbursements:</b>							
Operating:							
Public safety	945,185	-	-	-	-	58,130	1,003,315
Public works	180,226	520,807	-	-	-	-	701,033
Health & Social Services	13,339	-	17,784	-	-	-	31,123
Culture and recreation	939,615	-	13,700	-	-	-	953,315
Community and economic development	19,575	-	20,784	-	-	48,293	88,652
General government	399,191	-	-	-	-	-	399,191
Debt service	-	-	-	957,008	-	-	957,008
Capital projects	-	-	-	-	13,338	50,703	64,041
<b>Total disbursements</b>	<b>2,497,131</b>	<b>520,807</b>	<b>52,268</b>	<b>957,008</b>	<b>13,338</b>	<b>157,126</b>	<b>4,197,678</b>
<b>Excess of receipts over disbursements</b>	<b>(419,936)</b>	<b>128,849</b>	<b>274,027</b>	<b>(315,630)</b>	<b>30,076</b>	<b>622,976</b>	<b>320,362</b>
<b>Other financing sources (uses):</b>							
Operating transfers in	859,610	-	-	335,312	-	-	1,194,922
Operating transfers out	(225,759)	(17,764)	(190,223)	-	-	(642,426)	(1,076,172)
<b>Total other financing sources (uses)</b>	<b>633,851</b>	<b>(17,764)</b>	<b>(190,223)</b>	<b>335,312</b>	<b>-</b>	<b>(642,426)</b>	<b>118,750</b>
<b>Change in cash balances</b>	<b>213,915</b>	<b>111,085</b>	<b>83,804</b>	<b>19,682</b>	<b>30,076</b>	<b>(19,450)</b>	<b>439,112</b>
<b>Cash balances beginning of year</b>	<b>1,355,452</b>	<b>149,384</b>	<b>513,865</b>	<b>19,149</b>	<b>631,183</b>	<b>1,485,423</b>	<b>4,154,456</b>
<b>Cash balances end of year</b>	<b>\$ 1,569,367</b>	<b>260,469</b>	<b>597,669</b>	<b>38,831</b>	<b>661,259</b>	<b>1,465,973</b>	<b>4,593,568</b>
<b>Cash Basis Fund Balances</b>							
Restricted							
Nonspendable	\$ -	-	-	-	-	100,000	100,000
Expendable							
Debt service	-	-	-	38,831	-	-	38,831
Streets	-	260,469	-	-	-	-	260,469
Local Option Sales Tax	-	-	597,669	-	-	-	597,669
Capital Projects	-	-	-	-	-	378,188	378,188
Urban Renewal	-	-	-	-	661,259	491,681	1,152,940
Other purposes	-	-	-	-	-	496,104	496,104
Unassigned	1,569,367	-	-	-	-	-	1,569,367
<b>Total cash basis fund balances</b>	<b>\$ 1,569,367</b>	<b>260,469</b>	<b>597,669</b>	<b>38,831</b>	<b>661,259</b>	<b>1,465,973</b>	<b>4,593,568</b>

See notes to financial statements

City of Vinton

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Cash Basis Statement of Activities and Net Position -  
Governmental Funds

As of and for the year ended June 30, 2016

<b>Total governmental funds cash balances (page 10)</b>	\$ 4,593,568
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The city does not have an internal service fund.  
Therefore there are no reconciling items.

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<b>Cash basis net position of governmental activities (page 8)</b>	<u>\$ 4,593,568</u>
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<b>Change in cash balances (page 10)</b>	\$ 439,112
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The city does not have an internal service fund.  
Therefore there are no reconciling items.

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<b>Change in cash basis net position of governmental activities (page 8)</b>	<u>\$ 439,112</u>
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See notes to financial statements



**Exhibit D**

## City of Vinton

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2016

	#600 Water	#610 Sewer	#611 Sewer Replacement	#170 Landfill	NonMajor	Total
Operating receipts:						
Intergovernmental	-	-	-	-	253,473	253,473
Charges for service	513,968	527,178	-	498,701	-	1,539,847
Total receipts	513,968	527,178	-	498,701	253,473	1,793,320
Operating disbursements:						
Business type activities	382,596	450,577	-	515,793	364,193	1,713,159
Excess of operating receipts over operating disbursements	131,372	76,601	-	(17,092)	(110,720)	80,161
Non-operating receipts (disbursements)						
Use of money and property	15,502	-	809	-	47,250	63,561
Miscellaneous	7,904	-	12,605	-	66,103	86,612
Capital Outlay	-	-	(144,657)	-	-	(144,657)
Debt service	-	-	-	-	(2,488)	(2,488)
Total non-operating receipts (disbursements)	23,406	-	(131,243)	-	110,865	3,028
Excess (deficiency) of receipts over (under) disbursements	154,778	76,601	(131,243)	(17,092)	145	83,189
Other Financing Sources:						
Operating Transfers In	17,500	-	-	-	20,000	37,500
Operating Transfers Out	(55,000)	(76,250)	-	(25,000)	-	(156,250)
Total Other Financing Sources	(37,500)	(76,250)	-	(25,000)	20,000	(118,750)
Change in cash balances	117,278	351	(131,243)	(42,092)	20,145	(35,561)
Cash balances beginning of year	157,480	10,810	686,838	124,616	(20,729)	959,015
Cash balances end of year	\$ 274,758	11,161	555,595	82,524	(584)	923,454
<b>Cash Basis Fund Balances</b>						
Restricted for debt service	\$ -	-	-	-	15,546	15,546
Committed	-	-	-	-	36,978	36,978
Unrestricted	274,758	11,161	555,595	82,524	(53,108)	870,930
Total cash basis fund balances	\$ 274,758	11,161	555,595	82,524	(584)	923,454

See notes to financial statements

## City of Vinton

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Cash Basis Statement of Activities and Net Position -  
Proprietary Funds

As of and for the year ended June 30, 2016

<b>Total enterprise funds cash balances (page 12)</b>	\$ 923,454
The city does not have an internal service fund. Therefore there are no reconciling items.	-
<b>Cash basis net position of business type activities (page 8)</b>	<u>\$ 923,454</u>
<b>Change in cash balances (page 12)</b>	\$ (35,561)
The city does not have an internal service fund. Therefore there are no reconciling items.	-
<b>Change in cash basis net position of business type activities (page 8)</b>	<u>\$ (35,561)</u>

See notes to financial statements

## City of Vinton

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Fiduciary Funds

As of and for the year ended June 30, 2016

	Agency Funds
<b>Receipts</b>	
Deposits	\$ 40,022
<b>Disbursements</b>	
Refunds of deposits	<u>33,982</u>
<b>Net Change in Cash Balances</b>	6,040
Cash Balances - Beginning of Year	<u>92,198</u>
<b>Cash Balances - End of Year</b>	<u><u>\$ 98,238</u></u>

See notes to financial statements

City of Vinton

Notes to Financial Statements

June 30, 2016

**(1) Summary of Significant Accounting Policies**

The City of Vinton is a political subdivision of the State of Iowa located in Benton County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Vinton has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Vinton (the Primary Government), its blended component unit: the Vinton Fireman's Association, and excludes the City's component unit: Vinton Municipal Electric Utility. The audited financial statements for Vinton Municipal Electric Utility are available at the City Clerk's office.

**Blended Component Unit**

The Vinton Fireman's Association (Association) is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. The Association has been established pursuant to local ordinance to maintain and repair the fire station and fire fighting equipment for the mutual benefit of the citizens of the area which fire trucks and equipment are owned by the City. Although the Association is legally separate from the City, its purpose is to benefit the City of Vinton (the primary government) by providing the above services and by soliciting contributions and managing those funds.



### Excluded Component Unit

Vinton Municipal Electric Utility (VMEU) is legally separate from the City, but has the potential to provide specific benefits to or impose specific burdens on the City. The Utility is governed by a five-member board appointed by the Mayor and approved by the City Council, and the Utility's budget is included with the City's budget approved by the City Council. However, since VMEU operates under the accrual method of accounting and the City operates under the cash basis of accounting, this component unit has not been presented in the accompanying financial statements. Complete financial statements for the year ended June 30, 2016 can be obtained from the City Clerk's office.

### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Benton County Emergency Management Commission, Benton County Enhancement Committee, Benton County Joint E911 Service Board, Benton County Landfill Commission, Heartland Iowa Area Safety and Support Organization, North Benton Ambulance Board, Vinton Community Foundation Board, Vinton Unlimited Board, and Virginia Gay Hospital Board.

## **B. Basis of Presentation**

Government-wide Financial Statements - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position result when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who

purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

*General Fund*

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

*Special Revenue*

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the collection and disbursement of local option sales taxes.

*Debt Service*

The Debt Service Fund is used to account for collection of property taxes levied for the payment of principal and interest on the City's general obligation bonds and notes.

*Capital Projects*

The West TIF #1 Fund is used to account for bond proceeds and other revenue to be used for capital projects within the West TIF district.

The City reports the following major proprietary funds:

The Enterprise Water Fund accounts for the operation and maintenance of the City's Water system.

The Enterprise Sewer Fund accounts for the operation and maintenance of the City's Sewer system.

The Enterprise Sewer Replacement Fund accounts for the City's accumulation of funds to update or repair the sanitary sewer system.

The Enterprise, Landfill Fund accounts for the City's solid waste collection and disposal system.



The City also reports a fiduciary fund which focuses on net position and changes in net position. The City's fiduciary fund includes the following:

The Agency Funds are used to account for assets of the various utility deposits for future reimbursement held by the City in a trustee capacity.

C. Measurement Focus and Basis of Accounting

The City of Vinton maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.



## E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During year ended June 30, 2016 disbursements exceeded amount budgeted in the Community and Economic Development function.

### (2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

### (3) **Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation capital loan notes and revenue bonds are as follows:

Year Ending June 30,	General Obligation Bonds and Notes		Water Revenue Bond		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	585,000	76,677	2,000	390	587,000	77,067
2018	615,000	75,441	2,000	330	617,000	75,771
2019	500,000	63,301	2,000	270	502,000	63,571
2020	485,000	52,703	2,000	210	487,000	52,913
2021	495,000	40,935	2,000	150	497,000	41,085
2022-2023	900,000	44,936	3,000	90	903,000	45,026
Total	\$ 3,580,000	353,993	13,000	1,440	3,593,000	355,433

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

#### General Obligation Bonds

On March 11, 2013, the City issued \$2,000,000 in General Obligation Corporate Purpose Bond, Series 2013, for the purpose of paying the cost, to that extent, of constructing street, curb and gutter, storm sewer and water works improvements and the remediation, restoration repair, cleanup, replacement and improvement of property, buildings, equipment and public facilities damaged by a disaster. Interest rates are from .40% to 1.90%. The loan matures June 1 of each year starting June 1, 2014. Interest is payable December 1, 2013, and every June 1, and December 1, of each year thereafter. Principal is payable June 1, 2014 and annually on June 1, thereafter. Bonds are dated April 11, 2013, are in denominations of \$5,000 or integral multiples thereof. They are subject to prepayment prior to maturity. The City reserves the right to prepay part or all of the principal of the Bonds maturing in each of the years 2020 to 2023, inclusive, prior to and in any order of maturity on June 1, 2019, or on any date thereafter upon terms of par and accrued interest. Final payment is scheduled for 2023. For the current year principal and interest paid were \$190,000 and \$20,978 respectively. The balance at June 30, 2016 was \$1,430,000.

There is a General Obligation Street Improvement and Refunding Bond, Series 2012, for \$985,000, for the purpose of paying the costs, to that extent, of constructing street improvements and refunding the outstanding balance of the City's Water Revenue Improvement and Refunding Bonds, Series 2006. Interest rates are from .80% to 2.05%. Bonds are dated June 26, 2012, are in denominations of \$5,000 or integral multiples thereof. The City reserves the right to prepay part or all of the Bonds maturing in the years 2020 and 2022 prior to and in any order of maturity, on June 1, 2019, or on any date thereafter upon terms of par and accrued interest. For the current year principal and interest paid were \$75,000 and \$9,408 respectively. The balance at June 30, 2016 was \$495,000.

There is a General Obligation Refunding Bond Series 2011 with original balance of \$1,280,000. Interest rates are from 2.0% to 2.75%. Bonds are dated March 15, 2011, are in denominations of \$5,000 or integral multiples thereof. They are subject to prepayment prior to maturity. The City reserves the right to call and redeem part or all of the Bonds maturing in each of the years 2017 and 2018. For the current year principal and interest paid were \$215,000 and \$14,750 respectively. The balance at June 30, 2016 was \$230,000.

There is a General Obligation Corporate Purpose and Refunding Bond Series 2006 with original balance of \$2,875,000. Interest rates are from 4.13% to 4.30%. Bonds are dated August 1, 2006, are in denominations of \$5,000 or integral multiples thereof. They are subject to prepayment prior to maturity. The City reserves the right to prepay part or all of the Series 2006 Bonds maturing in each of the years 2016 to 2023. For the current year principal and interest paid were \$180,000 and \$76,136 respectively. The balance at June 30, 2016 was \$1,425,000.

#### Revenue Bonds

The City has pledged future water customer receipts, net of specified operating disbursements, to repay water revenue bonds. Proceeds from the bonds provided financing for the construction of water facilities and to refund Series 1997 water revenue bonds. Interest rate is 3.00%. The bonds are payable solely from water customer net receipts and are payable through 2022. For the current year, principal and interest paid were \$2,000 and \$510 respectively. Balance at June 30, 2016 was \$13,000.

#### Loans from Component Unit

During the year ended June 30, 2007, the Utility loaned \$62,098 to the City of Vinton to help finance the purchase of an aerial truck. For the current year,



principal and interest paid were \$7,087 and \$508 respectively. The note payable balance was \$7,374 at June 30, 2016.

During the year ended June 30, 2011, the Utility loaned \$330,000 to help finance the purchase of Street Department equipment. For the current year, principal and interest paid were \$33,000 and \$3,919 respectively. The note payable balance was \$132,000 at June 30, 2016.

During the year ended June 30, 2015, the Utility agreed to a loan of \$300,000 to help finance the purchase of a new fire truck and new dump truck. For the current year, principal and interest paid were \$98,026 and \$6,000 respectively. The note payable balance was \$201,974 at June 30, 2016.

#### **(4) Pension and Retirement Benefits** **Iowa Public Employees Retirement System-**

Plan Description-IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees Retirement System (IPERS). IPERS issues a stand alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits-A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation,

retirees who began receiving benefits prior July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits- A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies during retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions-Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of covered payroll and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's contributions to IPERS for the year ended June 30, 2016 were \$146,182.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions.

- At June 30, 2016, the City's liability for its proportionate share of the collective net pension liability totaled \$884,303. The collective net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contribution of all IPERS participating employers. At June 30, 2015, the City's proportion was 0.00023483 percent, which was an increase of 0.00001870 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$73,298, \$167,106 and \$202,381 respectively.

Actuarial Assumptions-The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00 percent per annum
(effective June 30, 2014)	



Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Long-Term Expected		
<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Rate of Return</u>
Core plus fixed income	28%	2.04%
Domestic Equity	24	6.29
International equity	16	6.75
Private Equity/debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	<u>1</u>	(0.71)
Total	<u>100%</u>	

Discount Rate-The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and that contributions from the City will be

made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate- The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1%	Discount	1%
	Decrease	Rate	Increase
	6.5%	7.5%	8.5%
City's proportionate share of			
the net pension liability	\$ 1,521,740	\$ 884,303	\$ 318,333

IPERS' Fiduciary Net Position- Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

#### **(5) Other Postemployment Benefits (OPEB)**

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their families. There are 28 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under 65 would pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The City pays 75% of the difference between single and family rates. For the year ended June 30, 2016, the City contributed \$ 410,301 and plan members eligible for benefits contributed \$82,521 to the plan.

#### **(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. Vacation must be used within 12 months of the year earned. Payment for unused vacation is made at employee separation; otherwise vacation pay is considered a continuation of normal salary. Permanent full-time employees earn one day of sick leave for each month of employment with a maximum accumulation of 120 days.

Payouts of sick pay are made for time off due to illness or injury. At employee retirement, disability or death, one-half of accumulated sick pay is paid to the employee. If the employee is younger than age 63½ at retirement, disability or death, the maximum payout is limited to 45 days. These accumulations are not recognized as disbursements by the City until used or paid. Any employee hired after July 1, 2011 is not eligible for this payout unless provided under collective bargaining agreement. The City's approximate liability for earned vacation and sick leave payable to employees at June 30, 2016, primarily relating to the General Fund, is as follows:

<u>Type of benefit</u>	<u>Amount</u>
Comp Time	\$ 4,446
Vacation	72,849
Sick	<u>279,476</u>
Total	<u>\$ 356,771</u>

This liability has been computed based on rates of pay in effect at June 30, 2016.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Enterprise	
	Landfill	\$ 25,000
	Water	55,000
	Sewer	13,750
	Special Revenue	
	FICA	192,903
	Employee Benefit	<u>349,414</u>
		<u>636,067</u>
General Fund		
Library	General	205,759
	Special Revenue	
	LOST	<u>17,784</u>
		<u>223,543</u>
General	General:	
Airport	General	<u>20,000</u>
Debt Service	Special Revenue	
	Road Use Tax	17,764
	SE TIF	6,341
	W #1TIF	93,768
	LOST	172,439
	Enterprise	
	Sewer	<u>45,000</u>
		<u>335,312</u>



Enterprise Water	Enterprise Sewer	<u>17,500</u>
Total		<u>\$ 1,232,422</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(8) Related Party Transactions**

No business transactions between the City and City officials were noted during the year ended June 30, 2016.

Vinton Municipal Electric Utility (the Utility), a component unit of the City, is a member of Resale Power Group of Iowa (RPGI), a joint and cooperative undertaking under the provisions of Chapter 28E of the Code of Iowa. RPGI is administered by the Iowa Association of Municipal Utilities and was organized to provide members with combined bargaining power in negotiating wholesale power contracts and a method of investing in the construction of power lines. This joint venture is accounted for under the cost method. RPGI issues separate, audited, financial statements which are available upon request.

The Utility provides electrical service to various City departments and bills the City for that usage. The City provides meter reading, administration and accounting services to the Utility. The Utility pays one-half the salary of the Meter Reader and City Clerk, and contributes funds to cover the costs of employing one full time office employee at the City. As disclosed in Note 3, the City had outstanding loans due to the Utility at June 30, 2016.

Transactions between the Utility and the City and balances at year end are as follows:

	<u>2016</u>
Amounts billed to the City for electrical services	\$ 156,442
Amounts paid by the City for services	<u>157,398</u>
Payable to the Utility at year end for electric services	<u>13,233</u>
Note balance beginning of year	479,460
Borrowings during year	-
Amounts paid by the City for loan repayments	<u>138,113</u>
Note balance at year end	<u>341,348</u>
Amounts paid by the City for Interest on loans	10,427
Payments received by the City for services received	59,500
Payments received by the City in-lieu of taxes	84,000

For payroll reporting purposes, the Utility employees are classified as City employees. Payroll costs are transferred by the Utility to the City's bank account for payment to, or on behalf of, the employees.

Commercial insurance coverage is combined between the Utility and the City. The Utility pays its share of the premium directly to the insurer.

The Utility purchases electricity for resale from RPGI. Transactions with RPGI and balances at year end are as follows:

	<u>2016</u>
Electricity purchased	\$2,287,801
Cash payments to RPGI	2,287,856
Amounts due to RPGI	226,560

**(9) Risk Management**

The City and Vinton Municipal Electric Utility (VMEU), a component unit of the City, are exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except for distribution property and equipment of VMEU, these risks are covered by the purchase of commercial insurance and settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City assumes liability for any deductibles and claims in excess of coverage limitations. VMEU has retained the risk of damage to and destruction of most distribution property and equipment. There were no material estimated liabilities at the beginning or end of the current fiscal year, or material claims paid, during the past four fiscal years.

**(10) Litigation**

The City is aware of three possible claims for damages and have turned these over to their insurance carrier.

A petition has been filed against the City and the case has been turned over to their insurance carrier, who has hired legal representation. Trial is set for August 21, 2017. City believes that any damages and attorney bills will be paid by either another party to the petition or their insurance carrier.

**(11) Subsequent Event**

A resolution has been passed awarding sale of \$1,475,000 General Obligation Refunding Bonds, Series 2016.

The City has approved a contract with WRH, Inc. for wastewater improvements in the amount of \$331,121

City has an advisory group looking at the possibility of acquiring the Braille School which may become available. City has renewed the lease on the Kiwanis Park which is part of the Braille School property.

## **Other Information**

Net	Budgeted Amounts			Final to Net Variance
	Original	Final as published	Final City Portion	
2,484,984	2,275,370	2,375,010	2,375,010	109,974
223,046	100,109	100,109	100,109	122,937
325,530	383,582	383,942	383,942	(58,412)
72,448	21,273	31,273	31,273	41,175
98,163	30,820	30,820	30,820	67,343
1,040,355	1,785,765	1,785,765	1,785,765	(745,410)
1,666,157	7,204,603	7,204,603	2,311,934	(645,777)
11,057	20,000	20,000	20,000	(8,943)
499,771	5,578	5,578	5,578	494,193
6,421,511	11,827,100	11,937,100	7,044,431	(622,920)
1,003,315	1,009,407	1,009,407	1,009,407	6,092
701,033	1,115,469	1,115,469	1,115,469	414,436
31,123	32,627	32,627	32,627	1,504
953,315	947,424	977,424	977,424	24,109
88,652	44,884	84,884	84,884	(3,768)
399,191	436,406	436,406	436,406	37,215
959,496	857,996	967,996	967,996	8,500
208,698	467,784	467,784	467,784	259,086
1,679,177	6,939,792	6,939,792	2,547,767	868,590
6,024,000	11,851,789	12,031,789	7,639,764	1,615,764
397,511	(24,689)	(94,689)	(595,333)	992,844
-	-	-	-	-
397,511	(24,689)	(94,689)	(595,333)	992,844
5,021,273	7,973,213	7,973,213	7,973,213	(2,951,940)
5,418,784	7,948,524	7,878,524	7,377,880	(1,959,096)



City of Vinton

Notes to Other Information – Budgetary Reporting

June 30, 2016

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Fiduciary Fund. The annual budget may be amended during the year utilizing statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. The published budget includes the Utility budget. The Budgetary Comparison Schedule shows the original budget including the utility, amended budget including the Utility and the budget with just City numbers. During the year, a budget amendment increased budgeted disbursements by \$180,000. The budget amendment is reflected in the final as published budgeted amounts.

During the year ended June 30, 2016, disbursements exceeded amounts budgeted in the Community and Economic Development function.

City of Vinton

Schedule of the Utility's Proportionate Share of the  
Net Pension Liability

Iowa Public Employees' Retirement System  
As of June 30, 2016  
( in thousands)

Other Information

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00023483%	0.02161300%
City's proportionate share of the net pension liability	\$869	875
City's covered-employee payroll	\$1,780	2,063
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.82%	42.41%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

NOTE: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditor's report

City of Vinton  
Schedule of City Contributions

Iowa Public Employee's Retirement System  
Last Ten Years  
(In Thousands)

Other Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	146	142	135	132
Contributions in relation to the statutorily required contribution	<u>(146)</u>	<u>(142)</u>	<u>(135)</u>	<u>(132)</u>
Contribution deficiency(excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	1,780	1,590	1,512	1,522
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

Note: The Statutorily required contribution for the  
years June 30, 2012 through June 30, 2007  
include Vinton Municipal Electric Utility.  
Separate numbers were not available.

See accompanying independent auditor's report



<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
165	145	133	115	115	107
(165)	(145)	(133)	(115)	(115)	(107)
<hr/>					
-	-	-	-	-	-
<hr/>					
2,045	2,086	2,000	1,811	1,901	1,861
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

City of Vinton

Notes to Other Information – Pension Liability

June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

SCHEDULE 1

## City of Vinton

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2016

	Special Revenue Schedule 2	Capital Projects Schedule 3	Total
<b>Receipts:</b>			
Property tax	\$ 493,869	-	493,869
TIF collections	223,046	-	223,046
Use of money and property	1,035	509	1,544
Charges for services	90	-	90
Miscellaneous	61,553	-	61,553
<b>Total receipts</b>	<b>779,593</b>	<b>509</b>	<b>780,102</b>
<b>Disbursements:</b>			
Operating:			
Public safety	58,130	-	58,130
Community and economic devel.	48,293	-	48,293
Capital projects	-	50,703	50,703
<b>Total disbursements</b>	<b>106,423</b>	<b>50,703</b>	<b>157,126</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>673,170</b>	<b>(50,194)</b>	<b>622,976</b>
<b>Other financing sources (uses):</b>			
Operating transfers in	-	-	-
Operating transfers out	(642,426)	-	(642,426)
<b>Net change in cash balances</b>	<b>30,744</b>	<b>(50,194)</b>	<b>(19,450)</b>
<b>Cash balances beginning of year</b>	<b>1,057,041</b>	<b>428,382</b>	<b>1,485,423</b>
<b>Cash balances end of year</b>	<b>\$ 1,087,785</b>	<b>378,188</b>	<b>1,465,973</b>
<b>Cash Basis Fund Balances</b>			
Restricted			
Nonspendable	100,000	-	100,000
Expendable			
Urban renewable	491,681	-	491,681
Capital projects	-	378,188	378,188
Other purposes	496,104	-	496,104
<b>Total cash basis fund balances</b>	<b>\$ 1,087,785</b>	<b>378,188</b>	<b>1,465,973</b>

See accompanying independent auditor's report



## City of Vinton

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds-Special Revenues

As of and for the year ended June 30, 2016

	FICA & IPERS #112	Employee Benefits #113	NW TIF #125	SE TIF #126	West TIF #1 #127	SW TIF #128	Downtown #1 TIF #129
<b>Receipts:</b>							
Property tax	\$ 186,608	307,261					
Other city tax							
Tax increment financing			90,666	36,301	72,680	23,399	-
Use of money and property			129	101	34	1	4
Intergovernmental							
Charges for services	-	-	-	-	-	-	-
Special Assessment	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>186,608</b>	<b>307,261</b>	<b>90,795</b>	<b>36,402</b>	<b>72,714</b>	<b>23,400</b>	<b>4</b>
<b>Disbursements:</b>							
Operating:							
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Health & social services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	12,955	-	13,268
General government	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,955</b>	<b>-</b>	<b>13,268</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>186,608</b>	<b>307,261</b>	<b>90,795</b>	<b>36,402</b>	<b>59,759</b>	<b>23,400</b>	<b>(13,264)</b>
<b>Other financing sources:</b>							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers (out)	(192,903)	(349,414)	-	(6,341)	(93,768)	-	-
<b>Change in cash balances</b>	<b>(6,295)</b>	<b>(42,153)</b>	<b>90,795</b>	<b>30,061</b>	<b>(34,009)</b>	<b>23,400</b>	<b>(13,264)</b>
<b>Cash balances beginning of year</b>	<b>6,295</b>	<b>42,153</b>	<b>69,410</b>	<b>74,104</b>	<b>62,557</b>	<b>1,095</b>	<b>13,264</b>
<b>Cash balances end of year</b>	<b>\$ -</b>	<b>-</b>	<b>160,205</b>	<b>104,165</b>	<b>28,548</b>	<b>24,495</b>	<b>-</b>
<b>Cash Basis Fund Balances</b>							
Restricted							
Nonspendable	\$ -	-	-	-	-	-	-
Expendable							
Urban Renewal	-	-	160,205	104,165	28,548	24,495	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash basis fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>160,205</b>	<b>104,165</b>	<b>28,548</b>	<b>24,495</b>	<b>-</b>

See accompanying independent auditor's report

West #2 TIF #130	Police Training Program #175	Police Vehicle Inspection #176	Asset Forfeiture #177	Tobin Trust #501	Housing #730	Vinton Fireman's Association	Total Special Revenue
	-	-	-	-		-	493,869
	-	-	-	-		-	-
219	-	-	360	-	187	-	223,046
	-	-	-	-		-	1,035
-	-	90	-	-	-	-	-
-	-	-	-	-	-	-	90
-	-	-	-	-	-	-	-
-	-	-	-	-	6,546	55,007	61,553
219	-	90	360	-	6,733	55,007	779,593
							-
							-
-	-	30	3,000	-	-	55,100	58,130
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	22,070	-	48,293
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	30	3,000	-	22,070	55,100	106,423
							-
219	-	60	(2,640)	-	(15,337)	(93)	673,170
							-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(642,426)
219	-	60	(2,640)	-	(15,337)	(93)	30,744
174,049	3,443	20	271,232	100,000	152,020	87,399	1,057,041
174,268	3,443	80	268,592	100,000	136,683	87,306	1,087,785
							-
-	-	-	-	100,000	-	-	100,000
174,268	-	-	-	-	-	-	491,681
-	3,443	80	268,592	-	136,683	87,306	496,104
-	-	-	-	-	-	-	-
174,268	3,443	80	268,592	100,000	136,683	87,306	1,087,785

## City of Vinton

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds-Capital Projects

As of and for the year ended June 30, 2016

	Capital Projects						
	Capital Projects #320	Tree #322	NW TIF #350	SW TIF #360	Sidewalk #375	SAFETEA- LU #380	Total
Receipts:							
Property tax	\$ -	-	-	-	-	-	-
Other city tax	-	-	-	-	-	-	-
Tax increment financing	-	-	-	-	-	-	-
Use of money and property	433	-	6	14	-	56	509
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Special assessment	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total receipts	433	-	6	14	-	56	509
Disbursements:							
Operating:							
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Health & social services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	45,120	369	5,214	-	-	-	50,703
Total disbursements	45,120	369	5,214	-	-	-	50,703
Excess (deficiency) of receipts over (under) disbursements	(44,687)	(369)	(5,208)	14	-	56	(50,194)
Other financing sources:							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-
Change in cash balances	(44,687)	(369)	(5,208)	14	-	56	(50,194)
Cash balances beginning of year	362,170	6,005	5,267	12,753	229	41,958	428,382
Cash balances end of year	\$ 317,483	5,636	59	12,767	229	42,014	378,188
<b>Cash Basis Fund Balances</b>							
Expendable							
Capital projects	\$ 317,483	5,636	59	12,767	229	42,014	378,188
Total cash basis fund balances	\$ 317,483	5,636	59	12,767	229	42,014	378,188

See accompanying independent auditor's report



## City of Vinton

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
NonMajor-Proprietary Funds

As of and for the year ended June 30, 2016

	Water Sinking #604	Water Improvement #603	Airport #660	Total
Operating receipts:				
Intergovernmental	\$ -	-	253,473	253,473
Charges for service	-	-	-	-
Total receipts	-	-	253,473	253,473
Operating disbursements:				
Business type activities	-	-	364,193	364,193
Excess of operating receipts over operating disbursements	-	-	(110,720)	(110,720)
Non-operating receipts (disbursements)				
Use of money and property	14	-	47,236	47,250
Miscellaneous	-	-	66,103	66,103
Debt service	(2,488)	-	-	(2,488)
Total non-operating receipts (disbursements)	(2,474)	-	113,339	110,865
Excess (deficiency) of receipts over (under) disbursements	(2,474)	-	2,619	145
Transfers in (out)	-	-	20,000	20,000
Change in cash balances	(2,474)	-	22,619	20,145
Cash balances beginning of year	18,020	36,978	(75,727)	(20,729)
Cash balances end of year	\$ 15,546	36,978	(53,108)	(584)
<b>Cash Basis Fund Balances</b>				
Restricted for debt service	\$ 15,546	-	-	15,546
Unrestricted	-	36,978	(53,108)	(16,130)
Total cash basis fund balances	\$ 15,546	36,978	(53,108)	(584)

See notes to financial statements

## City of Vinton

## Schedule of Indebtedness

Year ended June 30, 2016

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds/Notes:			
Corporate Purpose Bonds Series 2013	March 11, 2013	1.379%	\$ 2,000,000
Corporate Purpose and Refunding Series 2012	June 26, 2012	.08-2.05%	985,000
Corporate Purpose and Refunding Series 2011	March 15, 2011	2.00-2.75%	1,280,000
Corporate Purpose and Refunding Series 2006	August 1, 2006	4.13-4.30%	2,875,000
Total			
Water Revenue Bonds:			
2002 Issue	October 8, 2002	3.00%	40,000
Nonbonded Indebtedness			
Rural Electric Cooperative	June 29, 2006	2.00%	200,000
Vinton Municipal Electric Utility (Component Unit)			
Street Department Equipment	July 8, 2010	2.50%	330,000
Aerial Truck	June 1, 2007	4.00%	62,098
Fire Truck	May 1, 2015	2.00%	300,000

See accompanying independent auditor's report

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
1,625,000	-	195,000	1,430,000	20,028	-
570,000	-	75,000	495,000	8,808	-
450,000	-	220,000	230,000	10,450	-
1,620,000	-	195,000	1,425,000	68,711	-
<u>\$ 4,265,000</u>	<u>-</u>	<u>685,000</u>	<u>3,580,000</u>	<u>107,997</u>	<u>-</u>
<u>\$ 15,000</u>	<u>-</u>	<u>2,000</u>	<u>13,000</u>	<u>450</u>	<u>-</u>
<u>\$ 20,806</u>	<u>-</u>	<u>20,806</u>	<u>-</u>	<u>261</u>	<u>-</u>
<u>\$ 165,000</u>	<u>-</u>	<u>33,000</u>	<u>132,000</u>	<u>3,919</u>	<u>-</u>
14,461	-	7,087	7,374	508	-
300,000	-	98,026	201,974	6,000	-
<u>\$ 479,461</u>	<u>-</u>	<u>138,113</u>	<u>341,348</u>	<u>10,427</u>	<u>-</u>

## City of Vinton

## Bond and Note Maturities

June 30, 2016

Year Ending June 30,	General Obligation					
	Corporate Purpose		Corporate Purpose and Refunding		Corporate Purpose and Refunding	
	Series 2013		Series 2012		Series 2011	
	Issued March 11, 2013		Issued June 26, 2012		Issued March 15, 2011	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2017	0.75%	195,000	1.25%	80,000	2.50%	110,000
2018	0.90%	200,000	1.25%	80,000	2.75%	120,000
2019	1.10%	200,000	1.65%	80,000		
2020	1.30%	205,000	1.65%	85,000		
2021	1.50%	205,000	2.05%	85,000		
2022	1.70%	210,000	2.05%	85,000		
2023	1.90%	215,000				
		<u>\$ 1,430,000</u>		<u>495,000</u>		<u>230,000</u>

See accompanying independent auditor's report



Corporate Purpose and Refunding Series 2006 Issued August 1, 2006			Revenue Bond Water Revenue Bond Issued October 8, 2002	
Interest Rates	Amount	Total	Interest Rates	Amount
4.25%	200,000	585,000	3.00%	2,000
4.25%	215,000	615,000	3.00%	2,000
4.25%	220,000	500,000	3.00%	2,000
4.25%	195,000	485,000	3.00%	2,000
4.25%	205,000	495,000	3.00%	2,000
4.25%	180,000	475,000	3.00%	3,000
4.30%	210,000	425,000		
	<u>1,425,000</u>	<u>3,580,000</u>		<u>13,000</u>

## City of Vinton

Schedule of Receipts by Source and Disbursements By Function  
All Governmental Funds

For the Last Nine Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Receipts:				
Property tax	\$ 2,484,984	2,217,477	2,198,643	1,949,851
Tax increment financing	223,046	163,880	291,114	196,806
Other city tax	325,530	369,361	314,576	350,590
Licenses and permits	72,448	50,692	62,712	59,861
Use of money and property	34,602	81,217	79,026	69,556
Intergovernmental	786,882	1,163,187	1,107,613	791,942
Charges for service	126,310	106,604	114,900	119,533
Special assessments	11,057	12,214	17,994	19,785
Miscellaneous	453,181	631,223	794,067	1,211,848
Total	<u>\$ 4,518,040</u>	<u>4,795,855</u>	<u>4,980,645</u>	<u>4,769,772</u>
Disbursements:				
Operating:				
Public safety	\$ 1,003,315	911,518	1,065,982	1,166,782
Public works	701,033	1,151,274	1,207,558	961,928
Health & social services	31,123	32,820	36,317	15,898
Culture and recreation	953,315	885,270	1,198,102	925,864
Community and economic development	88,652	35,300	60,274	49,489
General government	399,191	394,589	366,880	422,523
Debt service	957,008	843,182	969,349	746,938
Capital projects	64,041	1,424,835	1,529,453	218,759
Total	<u>\$ 4,197,678</u>	<u>5,678,788</u>	<u>6,433,915</u>	<u>4,508,181</u>

See accompanying independent auditor's report

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
1,906,380	1,741,198	1,660,159	1,537,888	1,526,739
219,463	193,539	235,937	280,711	269,535
317,234	305,162	325,196	234,030	-
74,082	62,757	55,805	66,077	63,122
41,092	26,479	18,614	28,533	70,180
1,427,033	1,579,660	1,915,116	1,505,360	991,497
449,486	681,110	592,712	620,404	657,860
22,118	18,276	24,983	22,596	34,916
109,281	140,222	145,487	225,865	92,792
<u>4,566,169</u>	<u>4,748,403</u>	<u>4,974,009</u>	<u>4,521,464</u>	<u>3,706,641</u>
876,443	800,008	906,850	887,273	752,390
1,096,695	803,130	1,380,414	808,293	710,570
30,978	31,986	20,355	14,842	12,585
913,989	893,606	931,478	798,952	709,141
31,893	25,087	374,213	19,954	16,423
722,020	428,031	453,244	426,648	397,033
530,570	1,840,112	616,038	622,876	652,727
549,496	1,022,695	1,835,677	634,942	1,406,539
<u>4,752,084</u>	<u>5,844,655</u>	<u>6,518,269</u>	<u>4,213,780</u>	<u>4,657,408</u>

# RFSW Ridihalgh Fuelling Snitker Weber & Co.

C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, CPA  
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Donald A. Weber, CPA

Jeremy P. Lockard, CPA  
Alan W. Flick, CPA  
Brent A. Waters, CPA

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Vinton, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 8, 2017. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Vinton's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Vinton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Vinton's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

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possibility a material misstatement of the City of Vinton's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-16 and II-C-16 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-15 and II-D-15 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Vinton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### City of Vinton's Responses to Findings

The City of Vinton's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Vinton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other persons.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Vinton during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

February 8, 2017

City of Vinton

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The City of Vinton did not expend in excess of the OMB A-133 Single Audit dollar threshold of \$750,000 for the year ended June 30, 2016.

City of Vinton

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-16 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response – Segregation of duties is controlled as much as possible considering the limited number of employees.

Conclusion – Response acknowledged.

II-B-16 Preparation of Financial Statements – The City of Vinton, Iowa employs an accounting staff with the ability to prepare its financial statements (including footnote disclosures) in conformity with accounting principles general accepted in the United States of America, but the staff does not have the training or reference materials available to draft the footnotes to the financial statements; therefore, it relies on its auditors to prepare such statements.

Response – Management relies on the auditors' expertise to draft the financial statements and to monitor reporting requirements. The draft financial statements are approved prior to their issuance.

Conclusion – Response acknowledged.

II-C-16 Arbitrage, Yield Restrictions and Rebate Requirement – During our audit we noted that the City had no established written procedures to monitor compliance with the arbitrage, yield restrictions and rebate requirements under Section 148 of the Federal Internal Revenue Service rules.

Recommendation - The City should establish written procedures to monitor this compliance.

Response – The City has hired Independent Public Advisors to prepare procedures to comply.

Conclusion – Response acknowledged.



City of Vinton  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Part III: Other Findings Related to Statutory Reporting:**

III-A-16 Certified Budget – Amounts published under the “Total Budget as certified or last amended” column on the amended budget for property taxes and Other City Taxes are different than what was shown on original certified published budget. The City exceeded the budget under Community and Economic Development during the year ended June 30, 2016. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should be amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget. Also the City should review the process of publication of the budget to assure the numbers published agree with the actual budget.

Response – The budget will be amended before disbursements are allowed to exceed it in the future in accordance with Chapter 348.18 of the Code of Iowa and we will review the process of publication of the budget to assure that it agrees with the budget passed by the City.

Conclusion – Response acknowledged.

III-B-16 Questionable Disbursements – There were no disbursements noted that do not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

III-C-16 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-D-16 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-E-16 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.



City of Vinton

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

- III-F-16 Payment of General Obligation Bonds – The City properly paid for its General Obligation bonds out of the debt service fund.
- III-G-16 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.
- III-H-16 Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid.
- III-I-16 Urban Renewal Annual Report – The urban renewal annual report was approved and was certified to the Iowa Department of Management on or before December 1.

Amounts reported in the Annual Urban Renewal Report that was filed does not reconcile to the City's books.

Recommendation – The City should ensure amounts on the Annual Urban Renewal Report reconcile to the numbers from the City's books prior to being filed.

Response – The City has hired a consultant to assist in reconciling TIF numbers which will help reconcile future Annual Urban Renewal Reports to City records.

Conclusion – Response acknowledged.

- III-J-16 Deficit Balance-The Airport fund showed a deficit balance at June 30, 2016.

Recommendation-City should investigate ways to cure this deficit.

Response-We will explore ways to cure this deficit.

Conclusion-Response acknowledged.

City of Vinton

Staff

This audit was performed by:

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